



January 13, 2006

SENATE BILL No. 256

DIGEST OF SB 256 (Updated January 12, 2006 12:15 pm - DI 44)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Credit for excessive residential property taxes. Provides the following with respect to the credit for excessive residential property taxes: (1) Eliminates the county option as to whether to apply the credit. (2) Requires each county to adopt an ordinance to specify the types of residential property that are eligible for the credit (which may be any combination of homesteads, apartment complexes, or other residential rental property). (3) Eliminates the authority for a county to borrow to cover revenue reductions that result from application of the credit and to levy property taxes to repay the loans. (4) Requires the county auditor to notify each political subdivision of those reductions. (5) For taxes payable in 2006, allows a county fiscal body to adopt an ordinance, before 2006 tax statements are issued, authorizing the credit under the law as it applied before the amendments under this act.

Effective: Upon passage.

Landske, Mrvan

January 9, 2006, read first time and referred to Committee on Tax and Fiscal Policy.
January 12, 2006, amended, reported favorably — Do Pass.

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SB 256—LS 6509/DI 52+



January 13, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 256

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20.6-6, AS ADDED BY P.L.246-2005,
2 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 6. (a) **Before July 1, 2006, the** county
4 fiscal body

5 (1) may adopt an ordinance to authorize the application of the
6 credit under this chapter for one (1) or more calendar years to
7 qualified residential property in the county; and

8 (2) must adopt an ordinance under subdivision (1) before July 1
9 of a calendar year to authorize the credit under this chapter for
10 property taxes first due and payable in the immediately
11 succeeding calendar year.

12 (b) An ordinance adopted under this section of each county must
13 adopt an ordinance to specify ~~the~~ that one (1) or more of the
14 categories of residential property listed in section 4 of this chapter ~~that~~
15 are is eligible for the credit provided under this chapter **for property**
16 **taxes first due and payable after December 31, 2006.**

17 (b) An ordinance adopted under subsection (a) may not be

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repealed but may be amended. An amendment to the ordinance:

- (1) must be adopted before July 1 of a calendar year;
- (2) applies to property taxes first due and payable after December 31 of that calendar year; and
- (3) may change the categories of residential property listed in section 4 of this chapter that are eligible for the credit, but may not eliminate the credit as to all of those categories.

SECTION 2. IC 6-1.1-20.6-7, AS ADDED BY P.L.246-2005, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. ~~If the~~ **A person is entitled to a credit** under this chapter is ~~authorized under section 2 of this chapter~~ for property taxes first due and payable in a calendar year:

- (1) ~~a person is entitled to a credit~~ against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's qualified residential property located in the county; and
- (2) ~~the amount of the credit is in~~ the amount by which the person's property tax liability attributable to the person's qualified residential property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property for property taxes first due and payable in that calendar year.

SECTION 3. IC 6-1.1-20.6-9, AS ADDED BY P.L.246-2005, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) ~~The fiscal body of a county may adopt an ordinance to authorize the county fiscal officer to borrow money repayable over a term not to exceed five (5) years in an amount sufficient to compensate the political subdivisions located wholly or in part in the county for the reduction of property tax collections in a calendar year that results from the application of the credit under this chapter for that calendar year.~~

(b) ~~The county fiscal officer shall distribute in a calendar year to each political subdivision located wholly or in part in the county loan proceeds under subsection (a) for that calendar year in the amount by which the property tax collections of the political subdivision in that calendar year are reduced as a result of the application of the credit under this chapter for that calendar year.~~

(c) ~~If the county fiscal officer distributes money to political subdivisions under subsection (b); the political subdivisions that receive the distributions shall repay the loan under subsection (a) over the term of the loan. Each political subdivision that receives a~~

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distribution under subsection (b):

(1) shall:

(A) appropriate for each year in which the loan is to be repaid an amount sufficient to pay the part of the principal and interest on the loan attributable to the distribution received by the political subdivision under subsection (b); and

(B) raise property tax revenue in each year in which the loan is to be repaid in the amount necessary to meet the appropriation under clause (A); and

(2) other than the county, shall transfer to the county fiscal officer money dedicated under this section to repayment of the loan in time to allow the county to meet the loan repayment schedule:

(d) Property taxes imposed under subsection (c)(1)(B) are subject to levy limitations under IC 6-1.1-18.5 or IC 6-1.1-19:

(e) The obligation to:

(1) repay; or

(2) contribute to the repayment of;

the loan under subsection (a) is not a basis for a political subdivision to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19:

(f) (a) The application of the credit under this chapter results in a reduction of the property tax collections of each political subdivision in which the credit is applied. A political subdivision may not increase its property tax levy to make up for that reduction.

(b) The county auditor shall in each calendar year notify each political subdivision in which the credit under this chapter is applied of the reduction referred to in subsection (a) for the political subdivision for that year.

SECTION 4. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-1.1-20.6-6, as in effect on January 1, 2006, a county may adopt an ordinance under this SECTION to apply the credit authorized by IC 6-1.1-20.6, as in effect on January 1, 2006, to property taxes first due and payable in 2006.

(b) If a county has not issued property tax statements under IC 6-1.1-22-8 to the persons liable for property taxes in the county for property taxes first due and payable in 2006, the county fiscal body may adopt an ordinance to apply the credit under IC 6-1.1-20.6, as in effect on January 1, 2006, to the property taxes first due and payable in 2006. A county fiscal body may not adopt an ordinance under this subsection after statements are issued under IC 6-1.1-22-8 for the property taxes first due and payable in 2006.

(c) Except as provided in subsection (a), IC 6-1.1-20.6, as in

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1 effect on January 1, 2006, applies to a credit authorized by an
2 ordinance passed under this SECTION.

3 (d) This SECTION expires January 1, 2008.

4 SECTION 5. [EFFECTIVE UPON PASSAGE] IC 6-1.1-20.6-6,
5 IC 6-1.1-20.6-7, and IC 6-1.1-20.6-9, all as amended by this act,
6 apply only to property taxes first due and payable after December
7 31, 2006.

8 SECTION 6. An emergency is declared for this act.

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 256, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-20.6-6, AS ADDED BY P.L.246-2005, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Before July 1, 2006, the** county fiscal body

(1) may adopt an ordinance to authorize the application of the credit under this chapter for one (1) or more calendar years to qualified residential property in the county; and

(2) must adopt an ordinance under subdivision (1) before July 1 of a calendar year to authorize the credit under this chapter for property taxes first due and payable in the immediately succeeding calendar year.

(b) **An ordinance adopted under this section of each county must adopt an ordinance to specify the that one (1) or more of the categories of residential property listed in section 4 of this chapter that are is eligible for the credit provided under this chapter for property taxes first due and payable after December 31, 2006.**

(b) **An ordinance adopted under subsection (a) may not be repealed but may be amended. An amendment to the ordinance:**

(1) **must be adopted before July 1 of a calendar year;**

(2) **applies to property taxes first due and payable after December 31 of that calendar year; and**

(3) **may change the categories of residential property listed in section 4 of this chapter that are eligible for the credit, but may not eliminate the credit as to all of those categories."**

Page 1, line 8, reset in roman "qualified residential property".

Page 1, line 9, delete "homestead".

Page 1, line 11, reset in roman "qualified".

Page 1, line 12, reset in roman "residential property".

Page 1, line 12, delete "homestead".

Page 1, line 15, reset in roman "qualified residential property".

Page 1, line 15, delete "homestead".

Page 1, delete line 17.

Page 2, delete lines 1 through 7.

Page 3, delete lines 12 through 14.

Page 3, line 32, delete "2007." and insert "**2008.**".

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Page 3, line 33, after "PASSAGE]" insert "**IC 6-1.1-20.6-6**".

Page 3, line 34, delete "IC 6-1.1-20.6-8".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 256 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 8, Nays 2.

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